



CPT, CCS, XXX Computer Hardware, Software and Services Industry

The computers and peripherals sector has been depressed for the last two years, yet 2004 showed positive growth due to better economic conditions, 0% import tariffs, and a 15% drop in prices. Also the Free Trade Agreement with the U.S. opened a wide variety of new opportunities for professional services in the IT sector.

Market Overview

- Chile's total IT investment for 2004 amounted to \$1 billion.
- In 2004, computer hardware sales reached \$521 million, with 530,000 more units sold than in 2003. In 2004, 13% of PC sales represented laptop purchases, compared to 9% in 2003.
- In the Network Readiness of the World Economic Forum, Chile is ranked 35, the highest in Latin America. Chile wants to maintain and even improve its IT investment. Additionally, Chile's sustained economic growth is driving demand. IT investments for 2005 will reach \$1.07 billion.
- U.S. corporations such as HP, IBM, Dell, and Packard Bell dominate the market.

Principal Sub Sectors

- Hardware – PCs (desktops and laptops) and peripherals.
- Software – IT Security, ERP, CRM, Applications.
- Services – ASP, Shared Services, Call Centers, Systems Integration, Engineering and IS Consulting.
- Projects – Certification, Biometrics, Training and Education, Equipment and Software Maintenance.

Computers / PCs

Millions of US Dollars	2003	2004	2005*
Total Market Size	491	521	542
Local Production	203	223	250
Exports	.014	.030	.045
Imports	407	440	462
Imports from the U.S.	264	275	289

By Segment

Millions of US Dollars	2003	2004	2005*
Hardware	491	521	542
Software	134	143	150
Services	403	430	450
Total	1028	1094	1142

(*) U.S. Commercial Service projections based on information from importers.

U.S. Position

U.S. companies had a 62% market share in 2004. PC clones have aggressively gained market share to nearly 60% and most components are imported from the U.S. and China. Local assembly is considered to be of good quality.



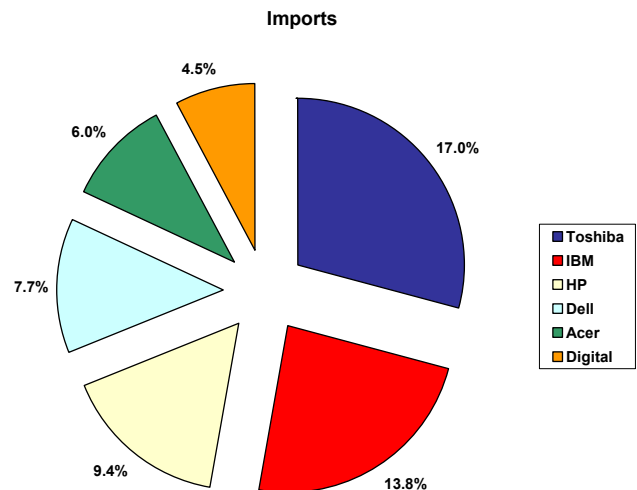
We hope you find this information useful. If you would like further information, please contact Veronica.Pinto@mail.doc.gov, the CS Santiago IT Specialist. Visit our website at www.buyusa.gov/chile to discover other commercial opportunities in Chile.

Competitors

Olidata has a strong market position as a result of the aggressive pricing strategy that they adopted in response to the government of Chile's "my first PC" program. Olidata along with Packard Bell and Lanix, are assembled locally. Local assemblers of clones have increased their participation. PCs are also imported from China 35%, the U.S. 28%, and others.



Top PC (desktops & notebooks) Imports (in rank order)



Commercial Opportunities

- Personal Computers (desktops, laptops, printers, scanners)
- Laptop popularity will continue to increase as WiFi hotspots grow and prices drop.
- IT and Software Application Services.
- Development and implementation of solutions for industrial production processes.
- Increasing demand for ASP services.
- Call Centers, development of platforms to assist clients; ERP, local. Development to cover small business needs.
- Chilean government implementation of its Digital Agenda; with a growing number of computers at school, infocenters, training, and internet connection.

Key Contacts

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